



2004 Status Report

On the Iowa Unemployment Compensation Trust Fund

This 2004 Status Report of the Iowa Unemployment Compensation Trust Fund
is a publication of Iowa Workforce Development.

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Preface – Guide for Interpretation

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

Executive Summary

This report evaluates the status of unemployment compensation trust fund as of December 31, 2004. The report reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for wage growth and months of benefits at recession levels.

Unemployment Insurance Benefits Payout: Benefits paid to workers rose from \$218 million in 2000 to \$381 million in 2003 due to a slower national economy. Benefits fell to \$312 million in 2004 as the number of new layoffs decreased. Some other facts:

- The number of first payments rose from 84,455 in 2000 to over 110,000 in 2001 through 2003. A decrease in the number of new layoffs caused first payments to drop to 88,976 in 2004.
- Average duration of benefits increased from 11.2 weeks in 2000 to 14.1 weeks in 2004 as new jobs have become harder to find.

UI Trust Fund Revenue: Fund revenue primarily comes from UI taxes paid by employers and interest earned on the fund balance. Regular revenue grew from \$320 million in 2003 to \$345 million in 2004. Benefits paid to claimants continue to surpass contributions received from employers. Here are some highlights:

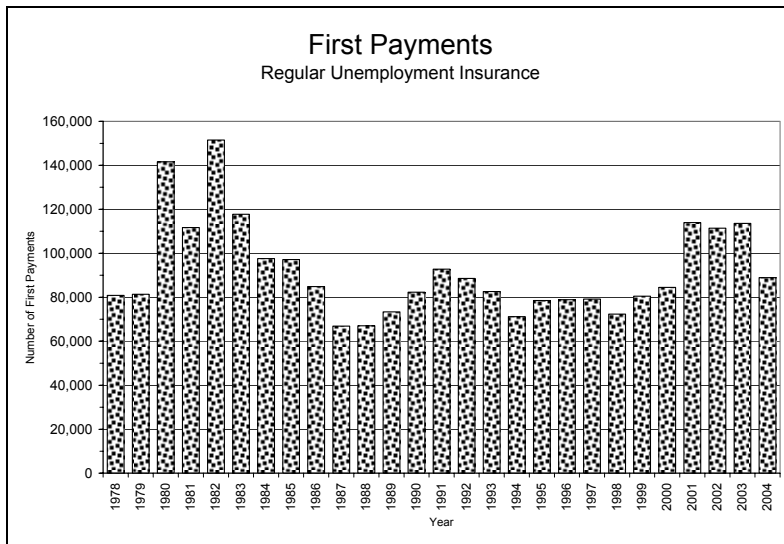
- The average tax rate rose from 1.2% in 2002 to 1.5% in 2003 and 1.6% in 2004 because a lower fund balance triggered tax table 6. This is still well below the average tax rate during the 1980's, which reached 3.4% in 1984.
- 57% of private experienced rated employers paid no UI trust fund tax in 2004.
- Taxable wages grew by an estimated 4%, fastest growth rate since 2000.

UI Trust Fund: The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and UI benefit experience.

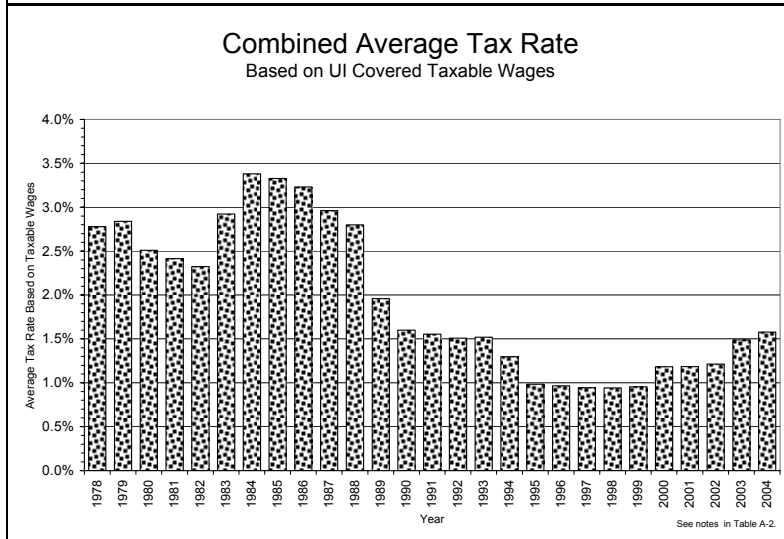
The year-end combined trust fund balance fell from \$810 million in 2000 to \$657 million in 2003 due the 2001 recession and slow recovery. The fund rebounded slightly to \$683 in 2004. When the fund balance is adjusted for wage growth, the strength of the fund has declined in eight of the last ten years.

Conclusions: The national economic slowdown has caused UI benefits to rise during 2001 through 2003. UI Benefits declined in 2004, but remained above \$300 million for the fourth straight year. Fortunately, Iowa entered the decade with a strong UI Trust Fund. This has allowed the fund to pay benefits without borrowing from the federal government. The state's UI Trust Fund is expected to remain solvent, but decreasing fund balances may trigger higher tax rate tables in order to rebuild the fund and to ensure future fund solvency.

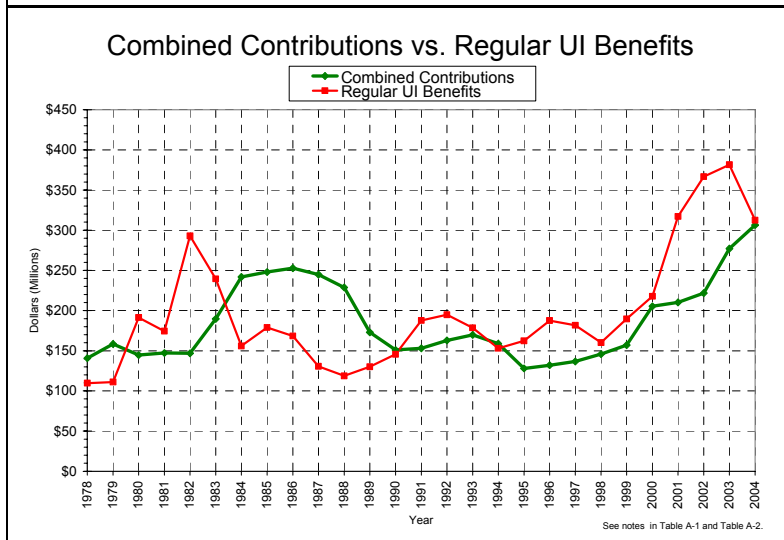
UI Trust Fund History at a Glance



A slower national economy caused the number of first payment to rise in 2001 through 2003. A decline in the number of new layoffs caused the number of first payments to fall in 2004.



Tax table 6 was triggered for 2003 due to a declining trust fund balance. Table 6 remained in effect for 2004. The 2004 average tax rate of 1.6% is still well below the average tax rates on the 1980's.

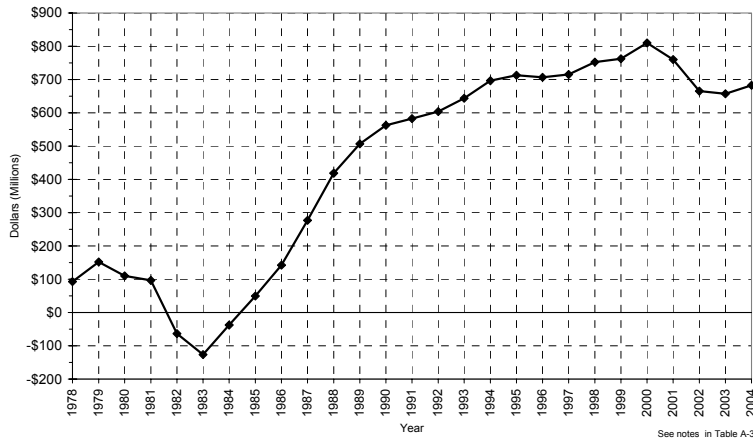


Regular UI benefits have exceeded contributions each year since 1995. Benefits were considerably higher than contributions during 2001 through 2003, but only slightly higher in 2004.

UI Trust Fund History at a Glance

Combined UI Fund Balance

December 31



The year-end Combined UI Fund balance fell to \$657 million in 2003 from a high of \$810 million in 2000. The fund balance rebounded slightly to \$683 million in 2004.

Combined UI Fund Balance

As a Percentage of Nonreimbursable Covered Wages

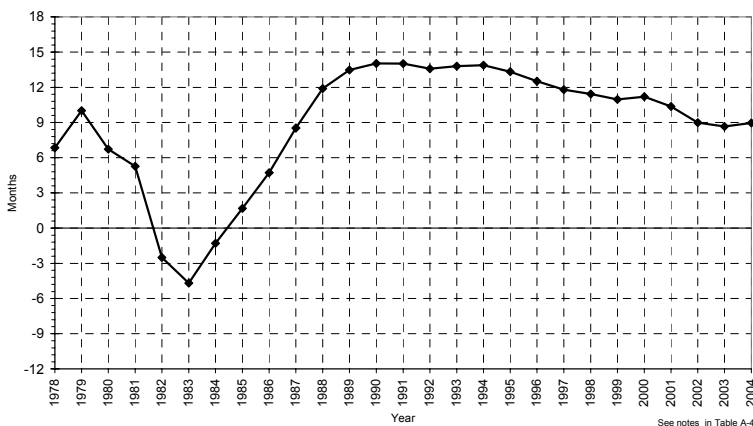
December 31



The UI Fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2003 it was slightly above 2.0%. Covered wages have been growing faster than the fund balance.

Months of High Cost Benefits in Combined Fund

Based on Highest Twelve Month Benefit Cost



If a recession similar to 1982-1983 were to hit, the fund would be large enough to pay benefits for about nine months. A recession of this magnitude would push UI benefits to \$915 million.

A. Unemployment Insurance Benefits

Unemployment Insurance payments fell from a record level of \$381 million in 2003 to \$312 million in 2004. The primary reason for this decrease was a drop in first payments due to a decline in new layoffs. The number of UI recipients declined during 2004 even though the total number of unemployed increased.

UI Benefits: Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

Maximum Weekly Benefit Amount:

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The maximum weekly benefit increased by about 3.5% from July 2003 to July 2004. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2003	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2004
0	\$586.41	53%	\$310
1	\$586.41	55%	\$322
2	\$586.41	57%	\$334
3	\$586.41	60%	\$351
4	\$586.41	65%	\$381

Average Weekly Benefit (AWB):

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. Normally, about half of UI claimants draw the maximum weekly benefit amount. A claimant would need high quarter earnings of about \$7,100 to qualify for the maximum weekly benefit.

The AWB grew by only 0.2% from \$248.94 in 2003 to \$249.39 in 2004. This represents the smallest growth rate in 20 years. A decrease in UI claims from higher paid industries

such as manufacturing contributed to the slow AWB growth.

Duration of UI Benefits: The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The average duration of UI benefits increased from 10.8 weeks in 1999 to 14.1 weeks in 2004. The 2004 average duration was the highest since 1987. The average duration of benefits increases as jobs become harder to find.

First Payments: The national economic slowdown pushed the number of UI claimants who received their first payment of a new benefit year from 84,455 in 2000 to 113,983 in 2001. First payments remained high during 2002 and 2003.

The number of first payments fell to 88,976 in 2004 as the number of new layoff declined during the year.

Weeks Compensated: The number of weeks of benefits compensated fell from a 20 year high of 1,532,204 in 2003 to 1,253,028 in 2004.

UI Benefit Summary: A reduction in the number of weeks compensated caused UI benefits to fall from \$381 million in 2003 to \$312 million in 2004. UI Benefits declined for the first time since 1998, but the benefits level exceeded \$300 million for the fourth consecutive year.

B. Unemployment Insurance Revenue

Combined contributions grew by 11% from \$277 million in 2003 to \$306 million in 2004. This increase is primarily due to taxable wage growth.

Average Tax Rate: The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The average tax rate fell to around 1.5% when tax table 6 was in effect during 1990 through 1993.

The fund balance was large enough to trigger tax table 8 for 1995 through 1999. The average tax rate was slightly below 1.0% during these five years. Tax table 7 was triggered for 2000 through 2002 and the average tax rate moved to 1.2%.

Tax table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average tax rate rose to 1.5% in 2003 and an estimated 1.6% in 2004.

The Iowa Code has eight tax tables. Tax table 1 has the highest tax rates and tax table 8 has the lowest. Tax tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from 3.5% in table 1 to around 1.0% in table 8.

Individual Employer Tax Rates: The average combined tax rate for 2004 was 1.6%, but tax rates for individual employers ranged from 0.0% to 8.0% under tax table 6.

Iowa's UI tax rates are dependent on the benefit experience of individual employers. Over half of experience

rated employers had no benefit charges over the last five years and received a zero tax rate.

Taxable Wages: During 2004, Iowa employers paid UI contributions on the first \$19,700 of an employee's wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national economic slowdown caused taxable wage growth to slow in 2001 through 2003. Taxable wage growth began to pick up in 2004, but growth remained slower than during the late 1990's.

Contributions: Combined UI contributions grew by 11% from \$277 million in 2003 to \$306 million in 2004. Since the tax rate table has not changed, most of this increase was due to growth in taxable wages.

Interest: Interest received from the federal government on the trust fund has decreased to \$39 million in 2004 due to declining interest rates and a lower average trust fund balance.

Other Revenue: The UI Trust Fund received a one-time transferred of \$40 million from a special Reed Act distribution in 2003 under S.F. 458.

Revenue Summary: Fund revenue fell by 4% from \$360 million in 2003 to \$345 million in 2004. If special transfers are removed, total revenue grew by 8% from \$320 million in 2003 to \$345 million in 2004.

C. UI Fund Balance

The year-end UI combined fund balance fell by \$153 million from 2000 to 2003. The balance rebounded slightly in 2004 and grew by \$25 million. Using inflation adjusted dollars the fund balance increased by only \$2 million from 2003 to 2004.

Trust Fund Balance History: The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

During 2001 and 2002 trust fund revenue grew slowly. An increase in the number of weeks compensated caused UI benefits paid to grow rapidly. This caused year-end fund balances fell to \$760 million in 2001 and \$665 million in 2002.

UI regular benefits hit a record high during 2003. This caused the fund balance to fall to \$657 million in 2003 despite an increase in contributions and a \$40 million Reed Act transfer.

The number of new layoffs declined and UI benefits paid fell in 2004 by \$69 million. This enabled the 2004 year-end combined fund balance to grow by \$29 million to \$683 million

Effect of Wage Growth: Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wage and covered employment grow in order to keep pace with potential fund liabilities.

CPI Adjusted Fund Balance: One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index to adjust the fund to 1982-1984 dollars. Using inflation adjusted (1982-1984) dollars the fund balance increased by only \$2 million from 2003 to 2004

Fund Balance as a Percent of Wages: The UI fund is expressed as a percentage of covered wages in order to control for both employment and wage growth.

This percentage grew from a deficit during the early 1980's to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

The percentage has decreased from 3.18% in 1994 to 1.98% in 2003. The percentage grew slightly to 2.05% in 2004. The fund balance, expressed as a percentage of covered wages, has declined in eight of the last ten years.

UI Trust Fund Balance Summary: The 2000 year-end fund balance was the highest in the history of the fund. The year-end fund balance fell in 2001 through 2003. The year-end balance partially rebounded in 2004.

When expressed as percentage of covered wages the 2004 year-end fund balance was the lower than any year during the last decade. This is also true when the fund balance is adjusted using the CPI.

D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

Months of Benefits in Trust Fund:

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

Months of Current Benefits: This calculates the number of months of benefits that could be paid at the current benefit level. Benefits could be paid for 27 months if they remain at the 2004 level.

Months of Benefits at High Cost:

The 2004 trust fund balance would be sufficient to pay benefits for 9 months at the historic highest benefit level. Iowa compares favorably to the national average of 5 months. Fund strength is weaker than the early 1990's when the fund balance was sufficient to pay about 14 months of benefits.

Federal Solvency Standards:

The USDL recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2004 year-end figure was slightly below the federal standard at 11 months.

Recession Level Benefits:

Iowa's highest benefit cost level is based on the twelve-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Benefits for the twelve-month period equaled 2.7% of wages. If an economic downturn

had pushed 2004 benefits to this 1983 recession level, benefits would have reached \$915 million.

Rate Table Calculations: The Iowa UI tax system is design to automatically adjust tax rates based on trust fund strength. This system is not only designed to maintain fund solvency, but also to minimize rate fluctuations.

If the fund strength starts to decline, the system will trigger to a tax table with higher tax rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The system triggered a rate increase to tax table 6 for tax year 2003. This helped slow the trust fund balance decline, but was not sufficient to rebuild the trust fund balance.

Fund Solvency Summary:

The 2001 recession and slow recovery have caused fund solvency problems for some neighboring states. Iowa entered the decade with a strong UI fund and has not needed to borrow to pay benefits. UI tax tables with higher tax rates may trigger in the future order to rebuild the fund and insure fund solvency.

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Table A-1
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	80,850	-----	13.5	-----	1,087,979	-----	100.91	-----	109.8	-----
1979	81,362	0.6%	12.7	-5.9%	1,031,686	-5.2%	107.73	6.8%	111.1	1.2%
1980	141,617	74.1%	11.9	-6.3%	1,679,090	62.8%	113.97	5.8%	191.4	72.3%
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%

Regular UI Benefits paid by IWD. Table does not includes extended benefits and net adjustments for transfers to other states. Source: ETA-5159

03/01/2005

Table A-2
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1978	2.78%	-----	4.99	-----	140.8	-----	3.3	-----	0.0	144.1	-----
1979	2.84%	2.2%	5.48	9.8%	158.5	12.6%	6.8	106.1%	0.0	165.3	14.7%
1980	2.51%	-11.6%	5.63	2.7%	144.5	-8.8%	11.8	73.5%	0.0	156.3	-5.4%
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.58%	6.0%	18.53	4.3%	306.5	10.6%	38.6	-10.6%	0.0	345.1	-4.2%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and a one-time Reed Act transfer in 2003.. 03/01/2005

Table A-3
UI Fund Balances

December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	92.8	-----	0.0	-----	92.8	-----	137.1	-----	0.97%	-----
1979	151.8	63.6%	0.0	-----	151.8	63.6%	197.9	44.3%	1.42%	46.4%
1980	110.2	-27.4%	0.0	-----	110.2	-27.4%	127.7	-35.5%	0.98%	-31.0%
1981	96.5	-12.4%	0.0	-----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	-----	0.0	-----	-63.3	-----	-64.9	-----	-0.55%	-----
1983	-126.3	-----	0.0	-----	-126.3	-----	-124.7	-----	-1.07%	-----
1984	-37.4	-----	0.0	-----	-37.4	-----	-35.5	-----	-0.30%	-----
1985	49.3	-----	0.0	-----	49.3	-----	45.1	-----	0.38%	-----
1986	142.5	189.0%	0.0	-----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	-----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	-----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	-----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	-----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	-----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	-----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	-----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	-----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	-----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	-----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	-----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	-----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	-----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	-----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	-----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	-----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	-----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	-----	682.7	3.9%	358.8	0.6%	2.05%	3.5%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the unemployment compensation reserve fund set up to under S.F. 458 (2003). Money in the reserve fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits..

03/01/2005

Table A-4
UI Fund Solvency Measures
December 31

Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level			
	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	10.4	-----	6.8	-----	8.4	-----	162.7	-----
1979	17.2	65.4%	10.0	47.1%	12.2	45.2%	181.9	11.8%
1980	6.7	-61.0%	6.7	-33.0%	8.4	-31.1%	196.5	8.0%
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	-----	-2.5	-----	-3.4	-----	302.5	37.8%
1983	-6.0	-----	-4.7	-----	-6.0	-----	323.6	7.0%
1984	-2.9	-----	-1.3	-----	-1.6	-----	346.3	7.0%
1985	3.3	-----	1.7	-----	2.1	-----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.6	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	9.0	3.4%	11.4	3.6%	915.2	0.5%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the unemployment compensation reserve fund set up to under S.F. 458 (2003). Money in the reserve fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits.. 03/01/2004

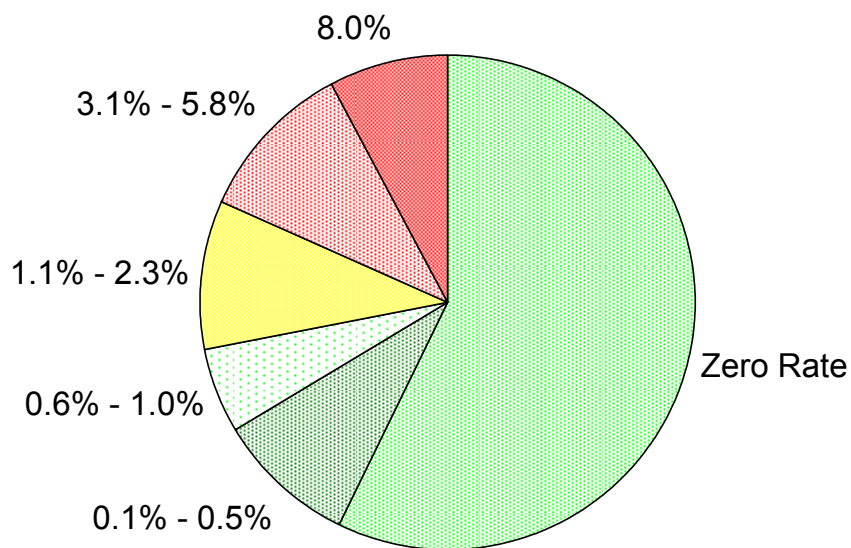
Table A-5
Employer Contribution Rate Distribution
Based on Original Employer Rate Notices
Private Experience Rated Employers
Rate Year 2004

Tax Rate Table 6	Private Contributory Firms		Taxable Wages Merit Year Ending June 30, 2003	
	Number	Percent	Dollars	Percent
Zero Rate	30,305	57.3%	2,300,206,832.01	14.3%
0.1% - 0.5%	4,817	9.1%	3,844,285,235.20	23.9%
0.6% - 1.0%	2,946	5.6%	3,062,021,794.52	19.0%
1.1% - 2.3%	5,087	9.6%	3,822,599,542.70	23.8%
3.1% - 5.8%	5,678	10.7%	2,304,443,379.43	14.3%
8.0%	4,081	7.7%	761,212,467.66	4.7%
Total	52,914	100.0%	16,094,769,251.52	100.0%

Table includes private experience rated employers.
Tax rates include the state experience rate and the reserve fund rate.

UI Contribution Rate Distribution

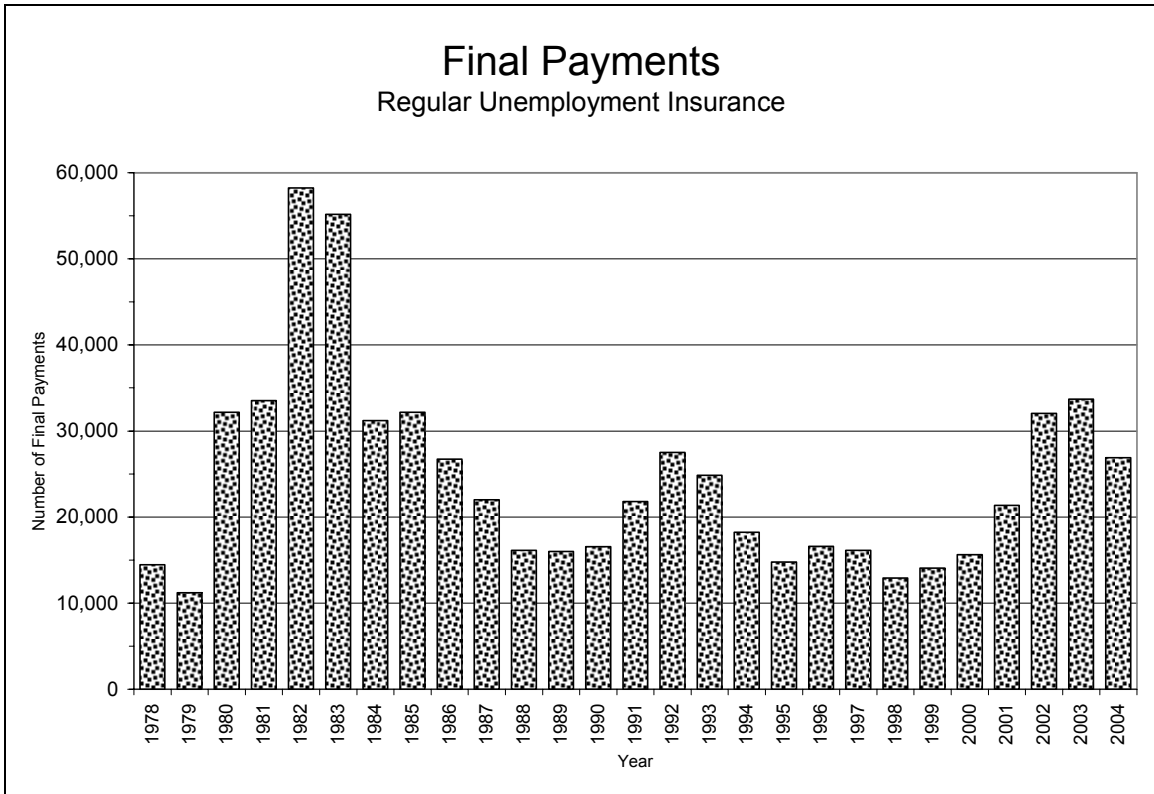
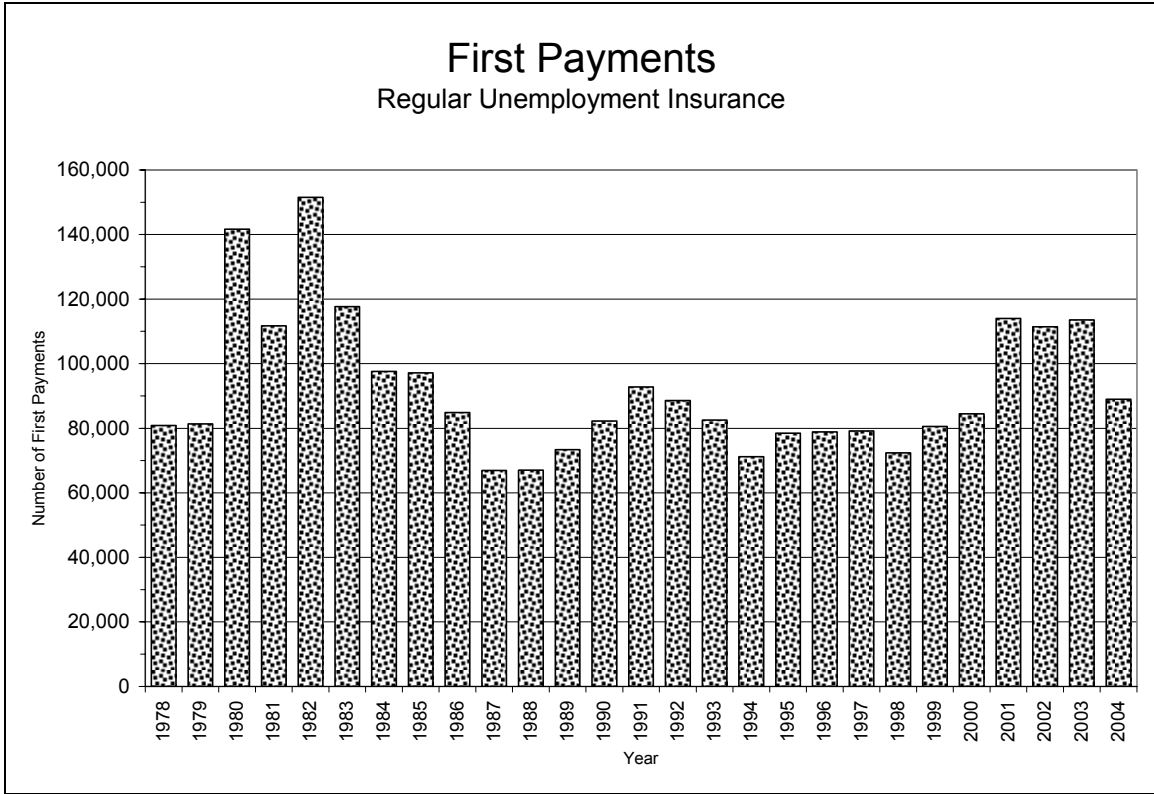
Total Private Experienced Rated Employers - 2004



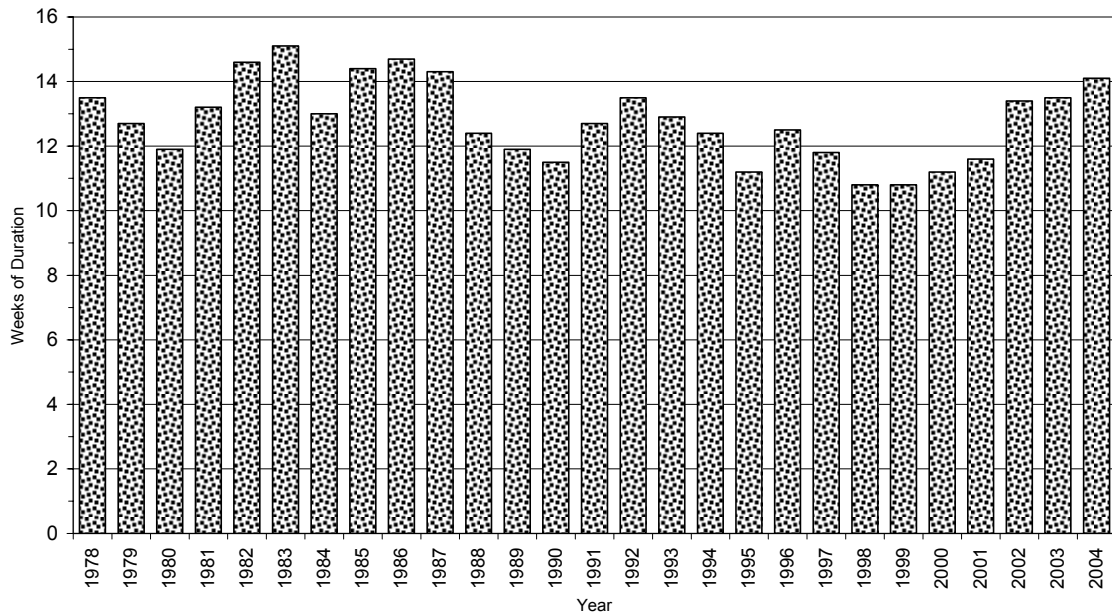
Number of Employers by Contribution Rate

Appendix B – Graphs

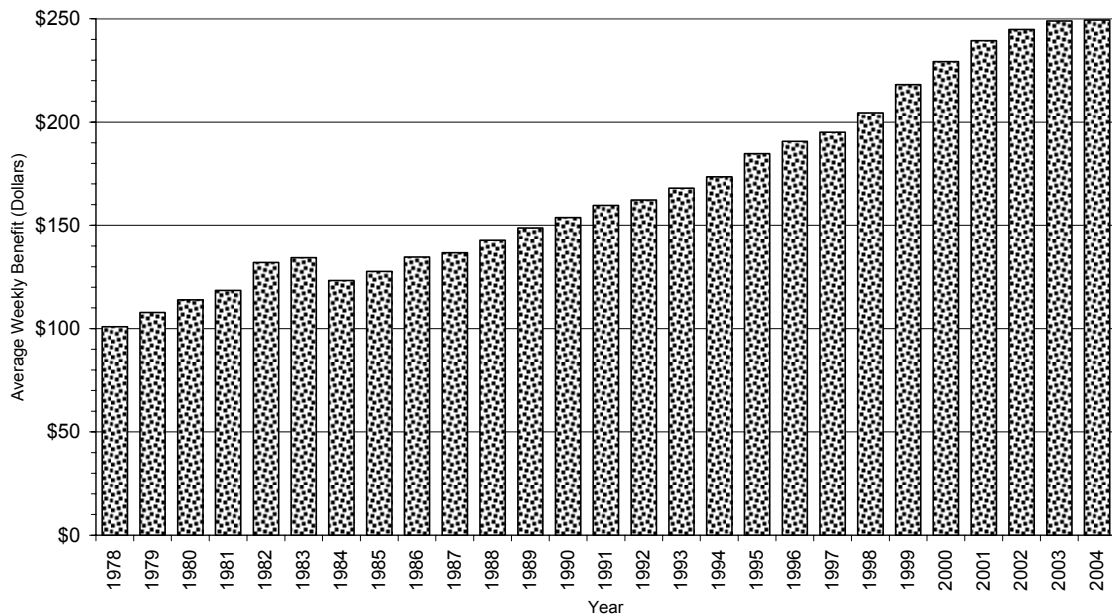
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Weeks Compensated.....	20
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Combined UI Fund Revenue	24
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Months of Benefits in Combined Fund (Highest Three Year Average Cost)	27
Months of Benefits in Combined Fund (Current Benefit Levels)	27
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Iowa Insured Unemployment Rate.....	28



Average Weeks of Duration Regular Unemployment Insurance

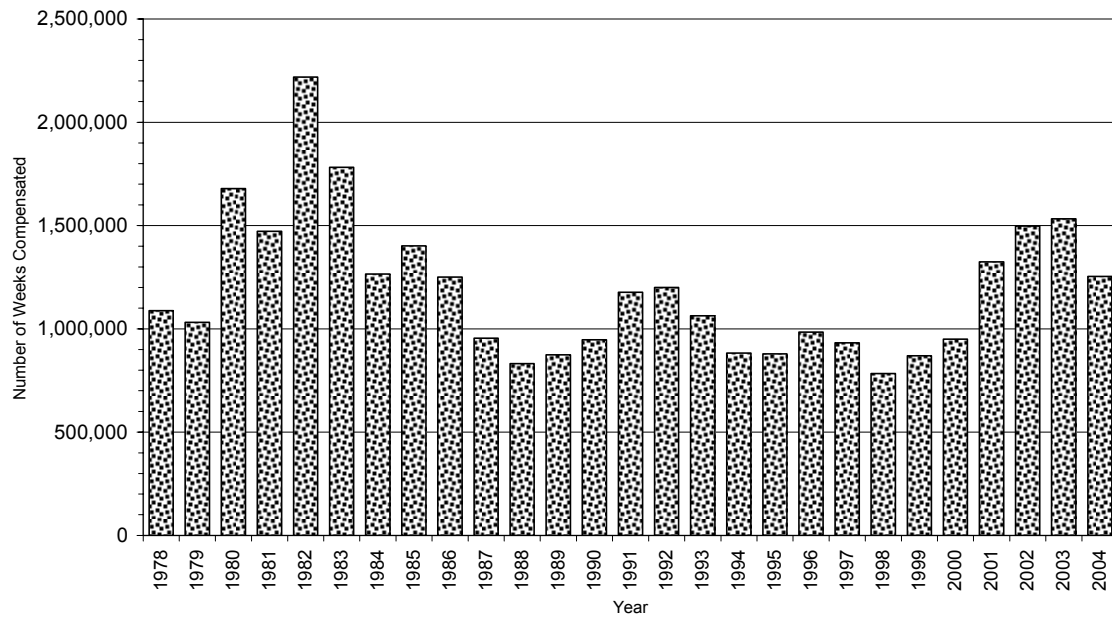


Average Weekly Benefit Regular Unemployment Insurance



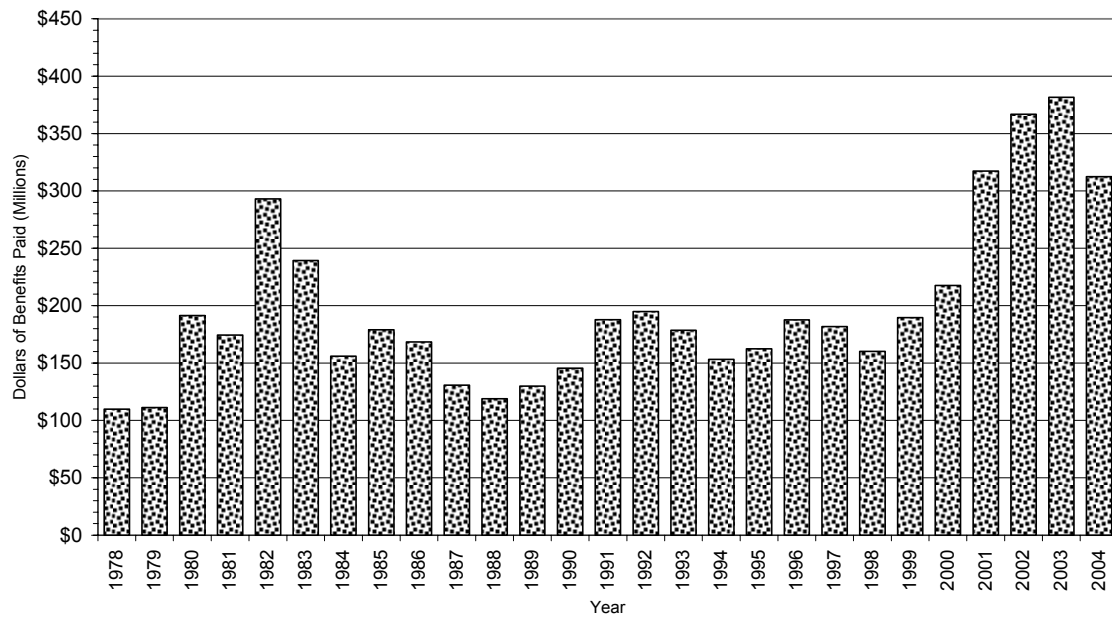
Weeks Compensated

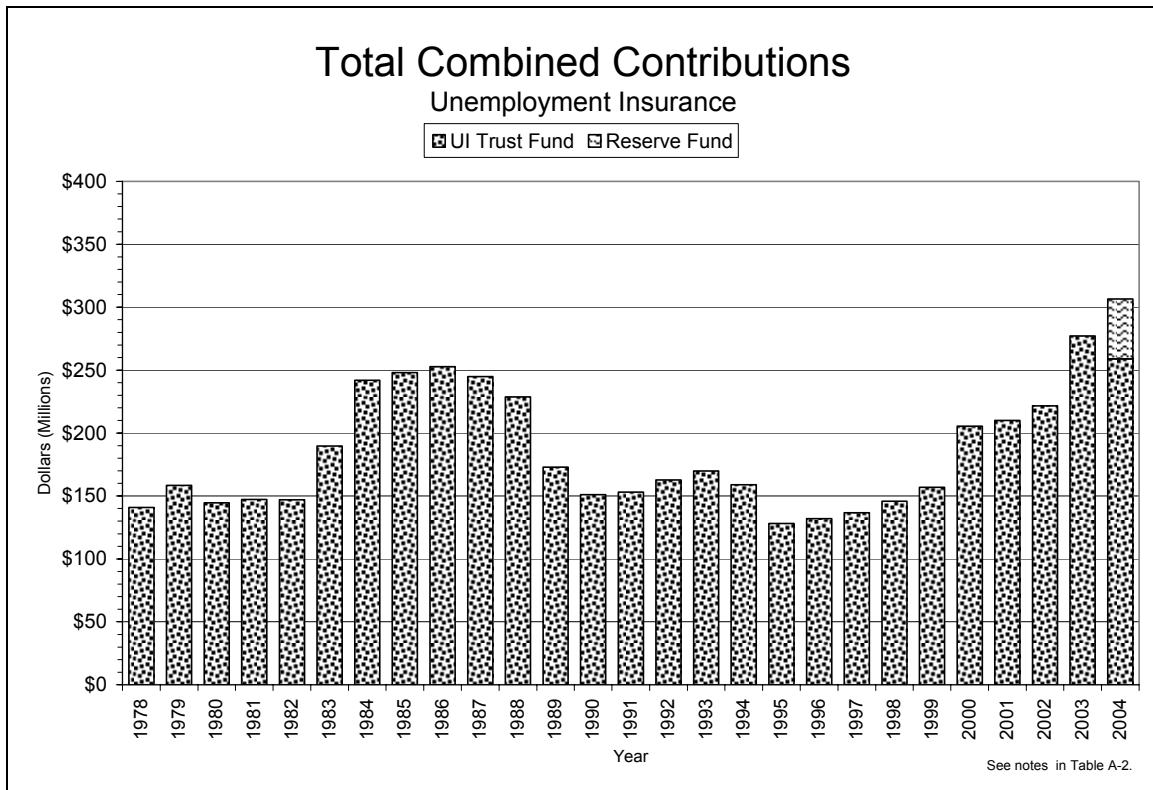
Regular Unemployment Insurance



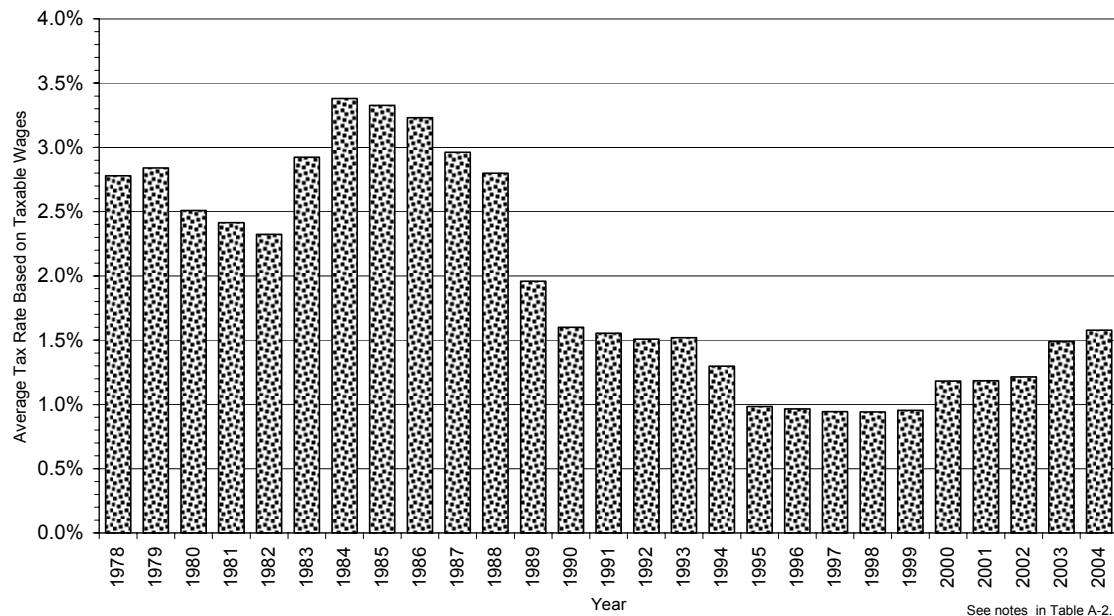
Unemployment Insurance Benefits Paid

Regular UI Benefits

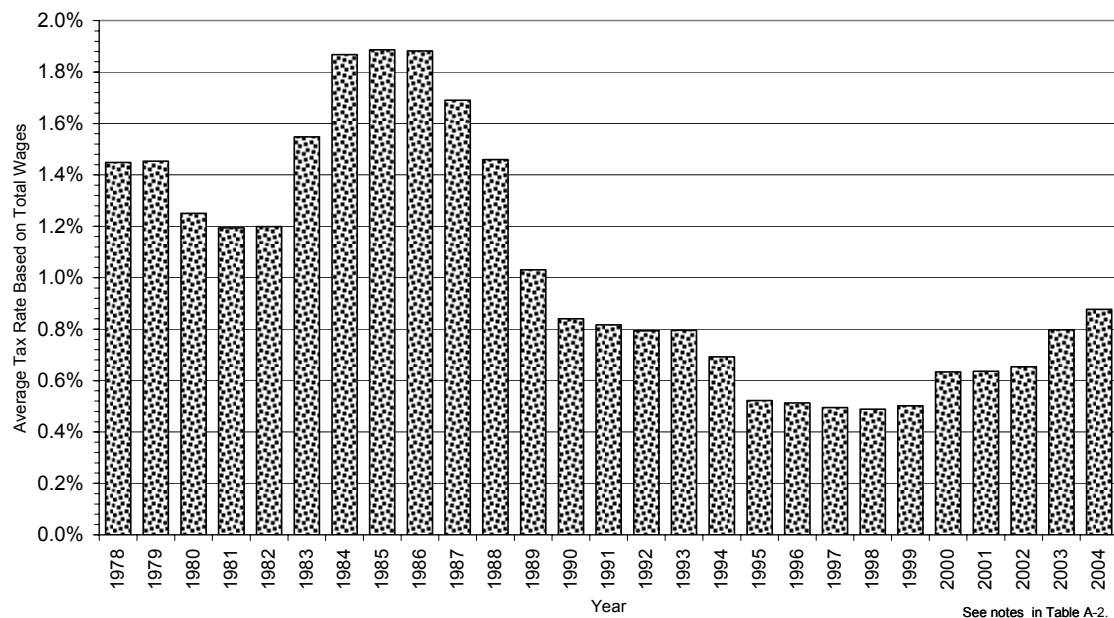




Combined Average Tax Rate Based on UI Covered Taxable Wages



Combined Average Tax Rate Based on UI Covered Total Wages

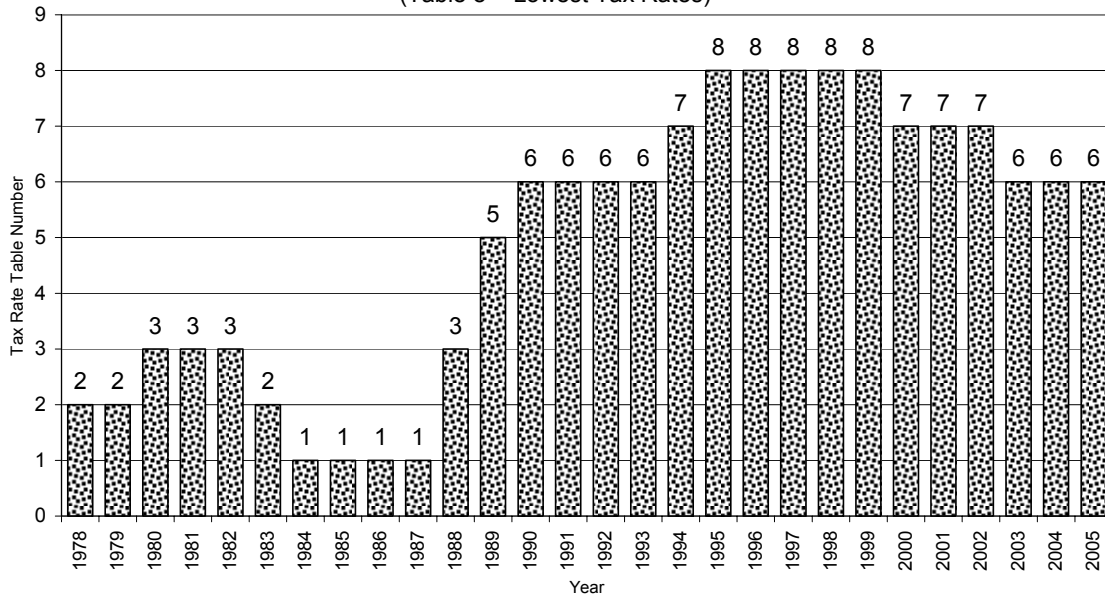


UI Tax Rate Table

Iowa Code Provides Eight Tax Tables

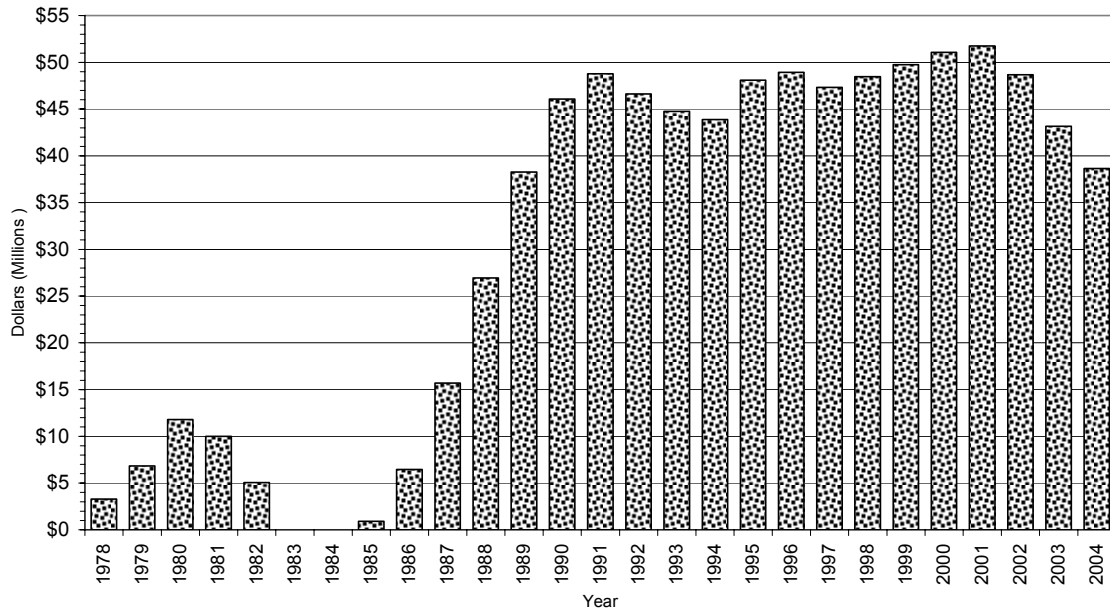
(Table 1 = Highest Tax Rates)

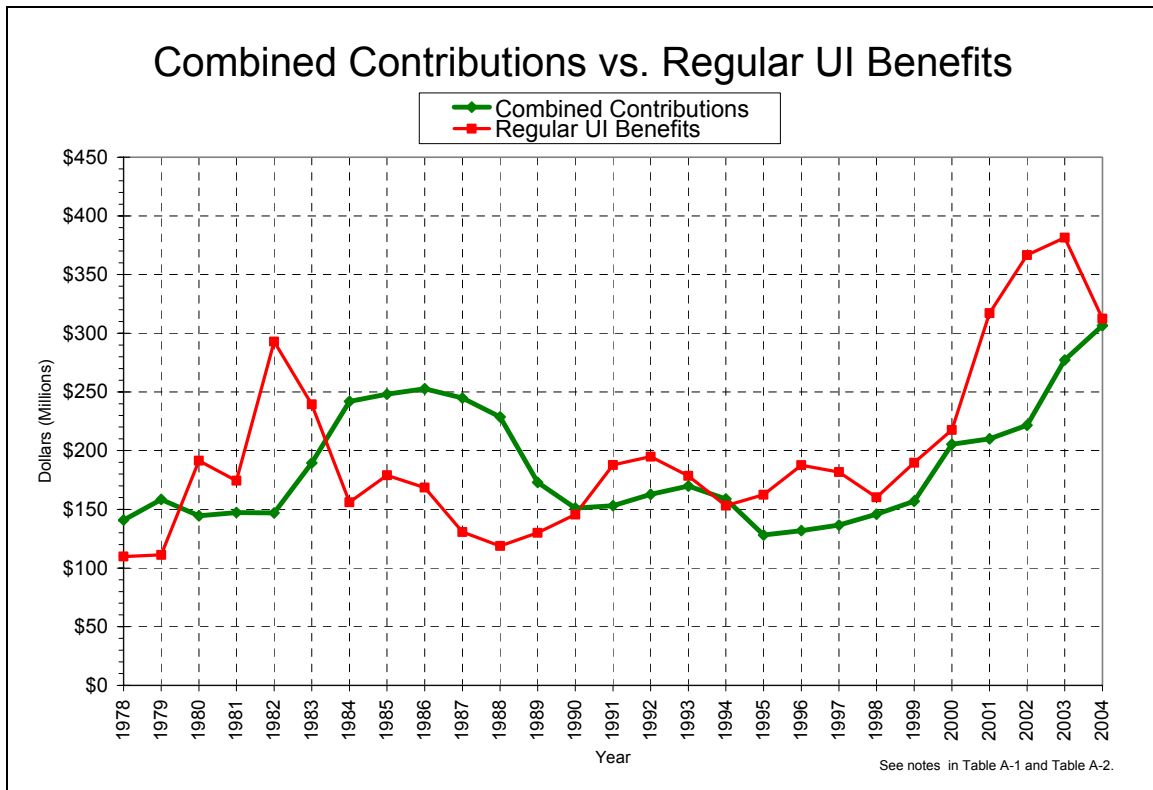
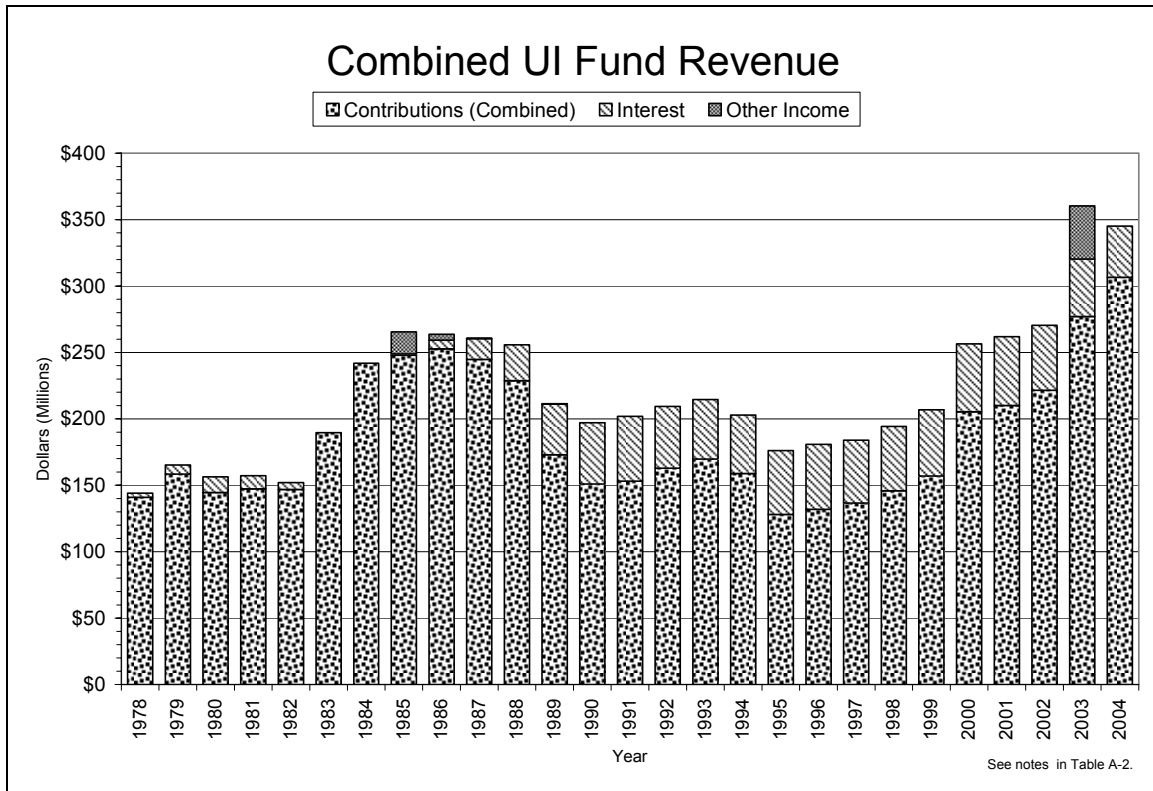
(Table 8 = Lowest Tax Rates)



Interest Received

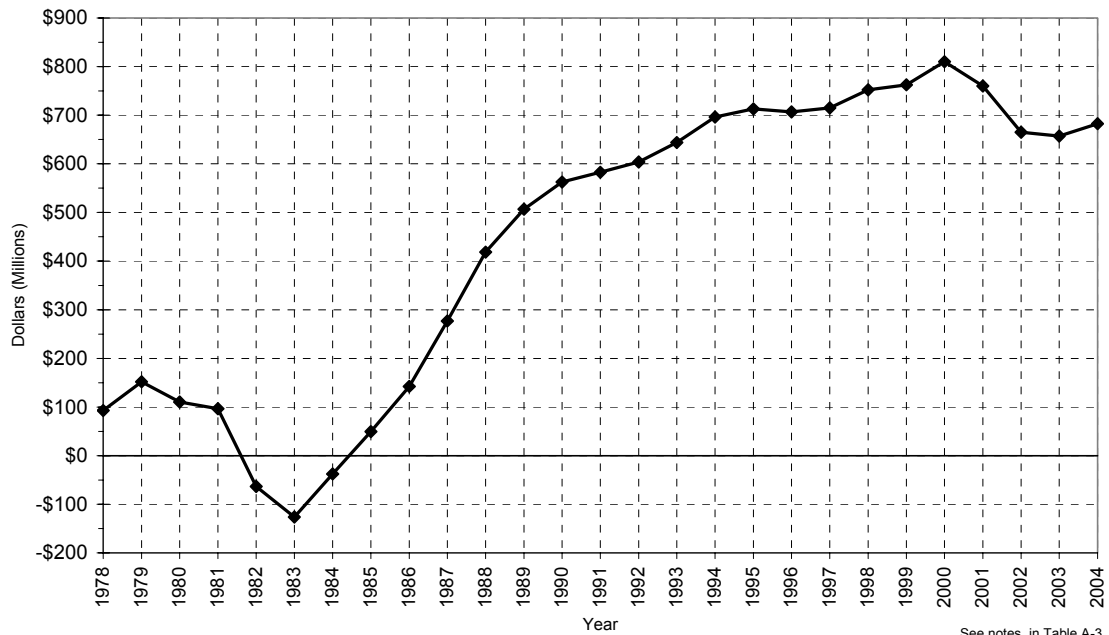
Unemployment Insurance Trust Fund





Combined UI Fund Balance

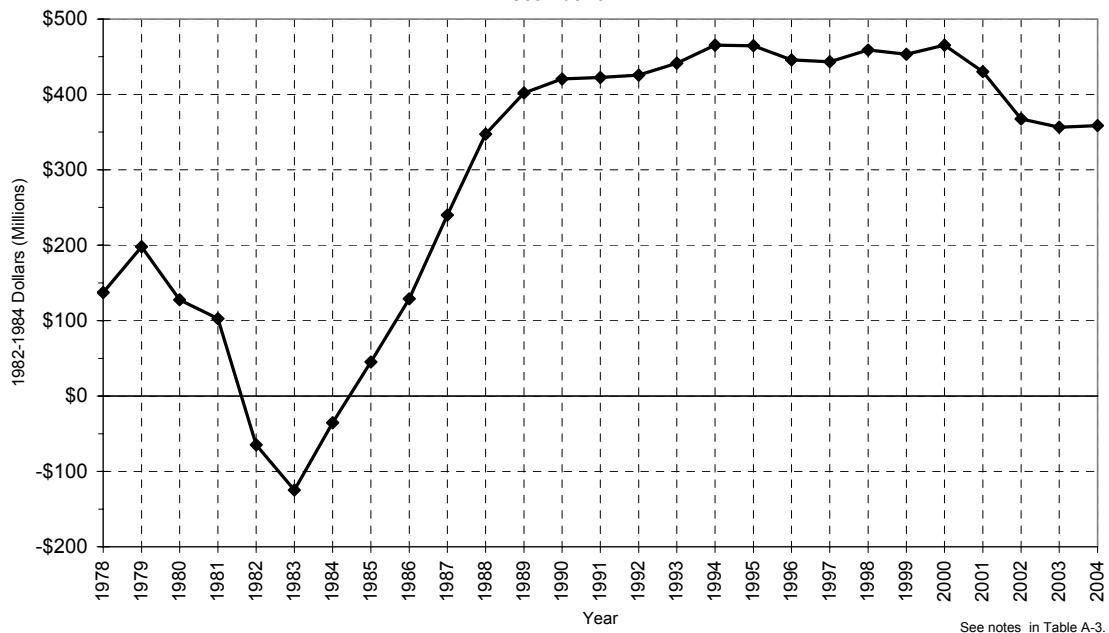
December 31



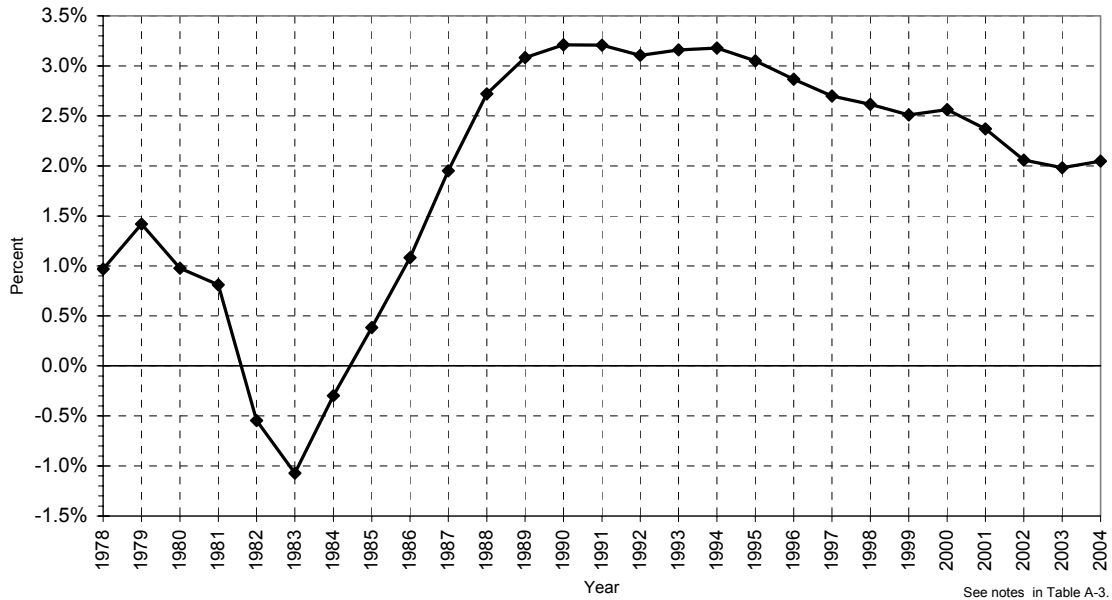
Combined UI Fund Balance

Adjusted Using The CPI-U (1982-84=100)

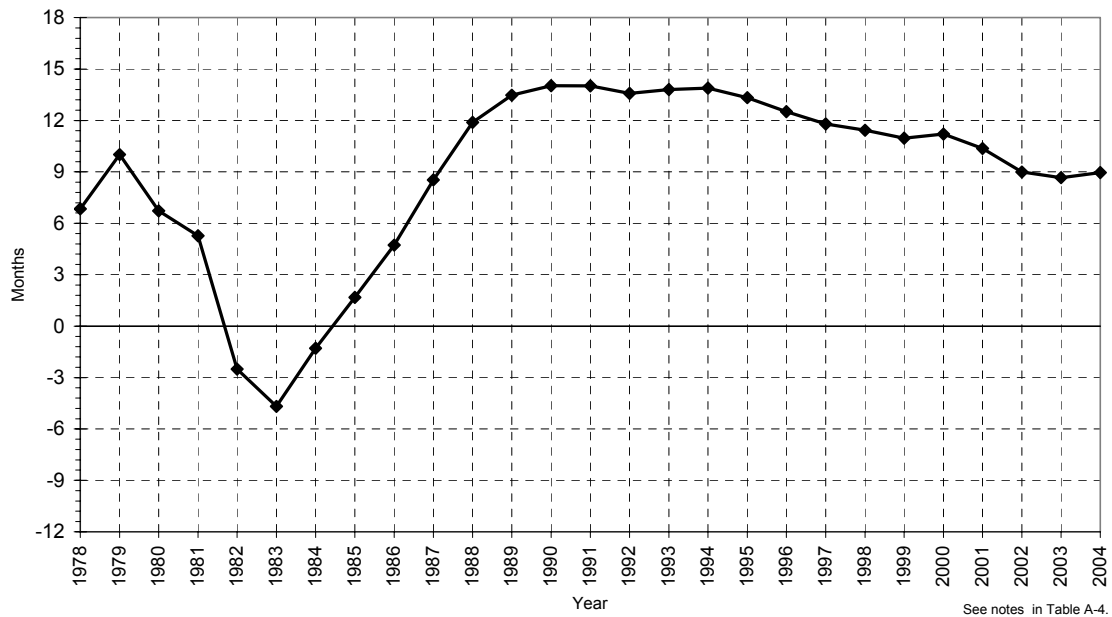
December 31



Combined UI Fund Balance
As a Percentage of Nonreimbursable Covered Wages
December 31



Months of High Cost Benefits in Combined Fund
Based on Highest Twelve Month Benefit Cost



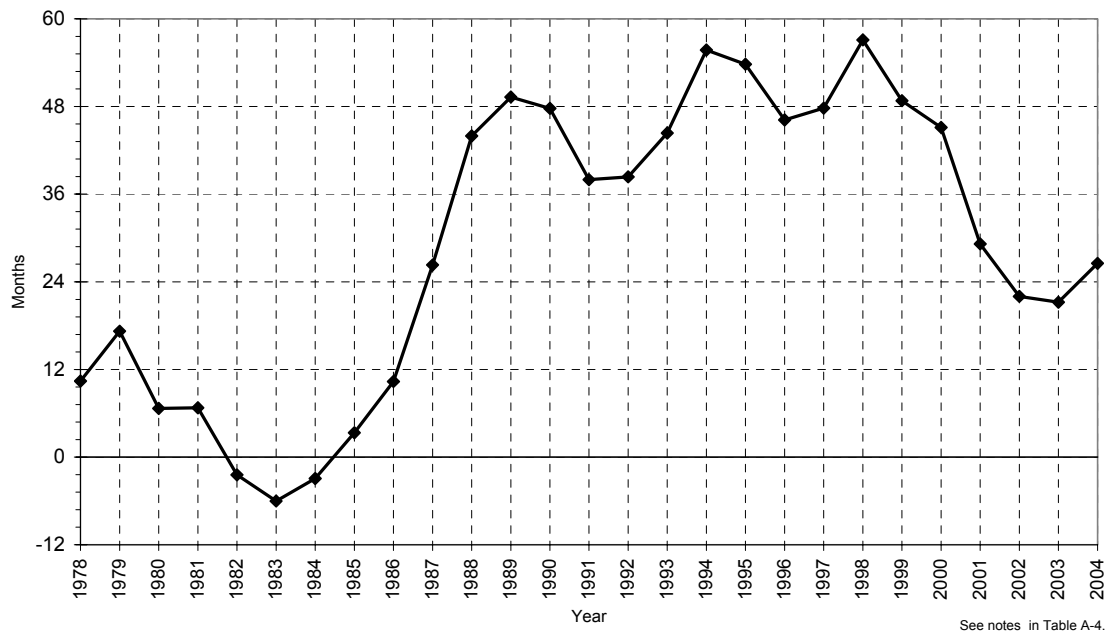
Months of High Cost Benefits in Combined Fund

Based on Highest Three Year Average Benefit Cost



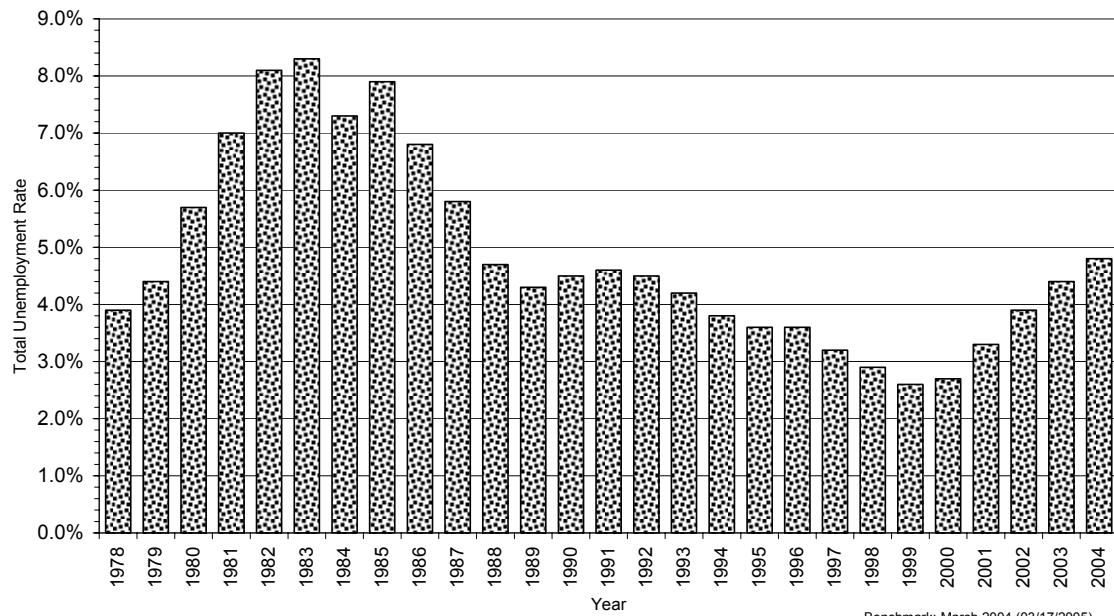
Months of Benefits in Combined Fund

Based on Current Year Benefit Levels



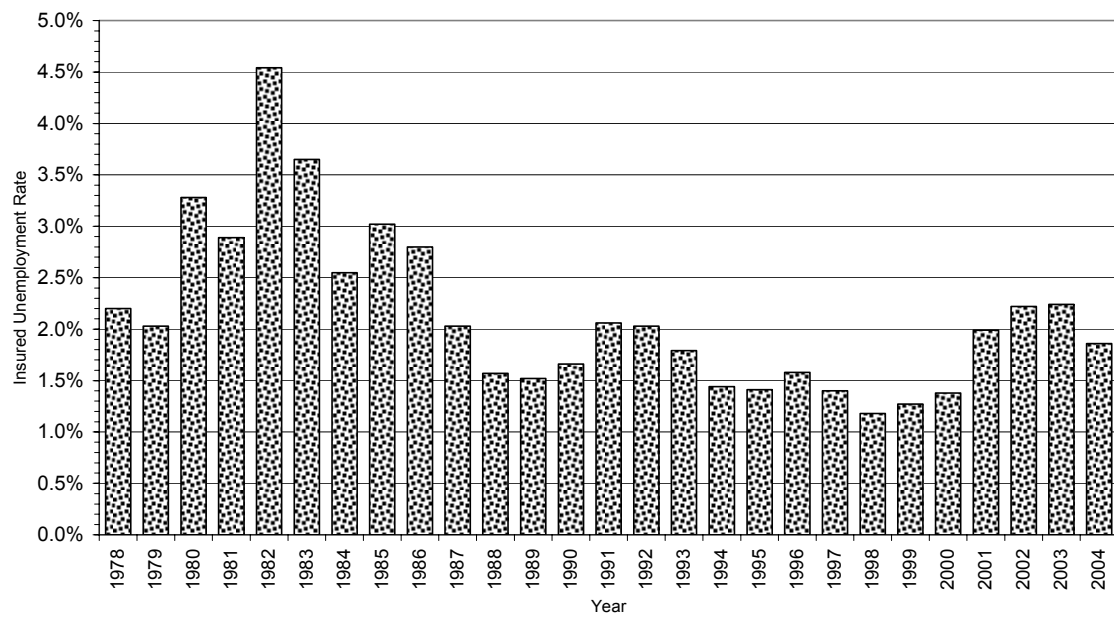
Iowa Total Unemployment Rate

Bureau of Labor Statistics



Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



Appendix C: Definition and Technical Notes

UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to compute benefits, this report uses the combined balance of the two funds to compute solvency measures.

Unemployment Trust Fund: A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and Federal unemployment taxes collected by the Internal Revenue Service.

UI Trust Fund Balance: In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund. This also includes the \$40 million transferred from the Reed Act special distribution to the Unemployment Trust Fund under S. F. 458 in 2003.

Iowa Reserve Fund: This refers to the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

Combined Trust Fund: This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

Regular UI Benefits Paid: Unemployment benefits paid under the regular unemployment program. This figure does not include federal benefits and special programs such as Extended Benefits (EB) and Temporary Emergence Unemployment Compensation (TEUC). (Source: ETA-5159)

Average Duration: The number of weeks compensated for the year divided by the number of first payments. (Source: ETA-5159)

First Payments: The first payment in a benefit year for a week of unemployment claimed under a specific program. (Source: ETA-5159).

Trust Fund Expenditures: Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

